

## **Antitrust Reform Update Antitrust Reform Update**

The California Law Revision Commission (CLRC) met recently as part of Study B-750, the Legislature's directive to re-examine state antitrust laws. The Commission is preparing recommendations for new legislation, which will be forwarded to the Legislature in December. If adopted, these changes would mark the most significant changes of California antitrust law in decades, setting the stage for a major legislative battle in 2026.

### **Meeting Highlights**

- **Leadership Changes:** It was announced that Chair Xochitl Carrion has resigned. Commissioners appointed Rick Simpson as interim Chair and Victor King as Vice Chair until elections are held in December.
- **Single Firm Conduct (SFC):** Commissioners gave preliminary approval to Option 2 from Memo 2025-41, which combines a prohibition on monopolization with restrictions on single-firm restraints of trade. They directed staff to prepare revised draft language for a December vote, with edits to:
  - Clarifying that only unreasonable restraints are covered
  - Removing provisions related to attempted restraints of competition or production
  - Ensuring that anticompetitive harm in one market cannot be offset by benefits in another

**Broader Context:** This proposal would move California law away from the federal Sherman Act framework, exposing companies to potential liability for unilateral conduct that may be lawful under federal law. If enacted, it could create expanded litigation risk and compliance burdens, particularly for firms operating in multiple jurisdictions.

- **Misuse of Market Power (MMP):** Proposals outlined in Memo 2025-43 were rejected and will not be pursued further. Commissioners had previously explored an "abuse of dominance" model but set it aside due to lack of U.S. precedent.
- **Mergers & Acquisitions (M&A):** Discussion was postponed until December due to time constraints. Future proposals are expected to recommend broader state-level merger review standards that go beyond federal law.

**Looking Ahead:** CalRetailers will circulate the revised Single Firm Conduct draft language once it is released. Commissioners are expected to vote in December on whether to forward recommendations to the Legislature. We will continue monitoring this process closely as it moves toward what is expected to be a significant debate in 2026.